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SUBJECT: MEXICO AND SPAIN ANNOUNCE PILOT GUEST WORKER  
PROGRAM

11. SENSITIVE BUT UNCLASSIFIED

12. (U) Summary: On October 15, the governments of Mexico and Spain announced the establishment of a pilot program that would allow businesses in either country to contract an unlimited number of guest workers. According to the GOM,s Secretary of Labor, the pilot program will begin in January

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of 2008 and will last for one year. The program, which will be administered by the Labor Ministries of both countries, places no restrictions on the types of employment open to the quest workers. No details were provided on how this pilot program will compliment or conflict with Spain,s employment related commitments to the European Union or how Spain,s EU partners will view a potential influx of Mexican guest workers. In his remarks during the announcement of the pilot program, Mexico,s Secretary of Labor made a thinly veiled criticism of the US when he commented that building migration agreements was much more effective than building walls. Most media observers described the pilot program in highly positive terms. However, at least a few described the agreement as further recognition by Mexican President Calderon that his 2006 campaign promise of generating good jobs for Mexicans in Mexico is a long-term prospect, and in the meantime Mexicans will still need to immigrate. End Summary.

PILOT GUEST WORKER PROGRAM  
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13. (U) On October 15, within the context of their VIII Bi-national Commission, the governments of Mexico and Spain announced the establishment of a pilot guest worker program. The program, which Mexico at least, announced to considerable fanfare, is expected to begin in January 2008 and will last one year. According to public announcements made by Mexico,s Secretary of Labor, during the year the program will operate, businesses in either country will be able to contract an unlimited number of guest workers. Reportedly no restrictions of any kind will be placed on the types of employment open to the two countries, guest workers. As publicly described, employers from either country will be able to recruit qualified workers from each other,s labor

market. However, realistically speaking, most of those seeking employment via the pilot program will be Mexicans looking for work in Spain and not the other way around.

14. (U) The program itself will be administered by the Labor Ministries of both countries. Once the program begins operating employers seeking guest workers will contact their countries, respective labor ministries providing the particulars of the number and qualifications of the employees they are seeking. The labor ministries will then relay this information to their counterpart in the other country. The receiving labor authorities will then be responsible for finding and screening suitable candidates for the available positions. The cost of traveling to Spain (or occasionally Mexico) will be paid by the perspective worker with some limited assistance from his/her government. The cost of returning the worker to their home country will be paid by the employer.

THE FINE PRINT (OR LACK THEREOF)

15. (U) In announcing the program Mexico,s Secretary of Labor, Javier Lozano, pointed out that legally speaking the agreement documents were actually a declaration of intent. Although Lozano told the Mexican press that the program would begin in January 2008, the written articles of the agreement do not give an actual starting date; the document simply indicates that the program will run for one year. Lozano also stated that the program would be open to Spanish as well as Mexican workers but the actual agreement reportedly makes no specific commitment to allow Spaniards to work in Mexico. Nor does the document address in any way how this pilot program will compliment or conflict with Spain,s employment related commitments to the European Union or how Spain,s EU

MEXICO 00005485 002 OF 003

partners will view a potential influx of Mexican guest workers.

16. (U) Once the fanfare and expressions of good will are removed the signed agreement states only that: 1) participation in the program is free (although workers will have to pay most of their costs of traveling to Spain); 2) the qualifications needed for employment will be set by the employer and the length of employment will be negotiated between the employer and employee; 3) Mexican workers in Spain will accrue social security benefits that can be applied toward retirement in either country; 4) Mexican workers will not be required to depart Spain at the end of their employment contract and; 5) employers will be responsible for paying the costs of repatriating guest worker who wish to return home.

UP WITH SPAIN; IMPLIED RASPBERRIES FOR THAT OTHER COUNTRY

17. (U) The Mexican press provided extensive coverage of GOM Secretary of Labor, Javier Lozano,s, positive assessment of

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the pilot guest worker program with Spain. While clearly acknowledging that the current agreement was only a pilot program Lozano also made clear the Mexican government,s hope/expectation that this would eventually become a permanent migration agreement. Lozano repeatedly underscored that agreement would guarantee the rights of guest workers, ensure fair pay for fair work, further enhance currently existing agreement with regard to reciprocal social security and retirement benefits and that it would be driven by the needs of each country,s private sector with the government serving only as a facilitator.

18. (U) In his praise of the pilot program Lozano held Spain

and the Spanish government up as examples that other countries should follow. In what most Mexican press commentators described as a thinly veiled criticism of the United States, Lozano then went on to say that when there was good will, good sense, intelligence and understanding, it was possible to construct effective agreements instead of walls.<sup>8</sup> He then closed by congratulating Spain for the political will and sensitivity to basic human needs that it demonstrated in concluding pilot guest worker program.

#### WHAT HAPPENED TO THE EMPLOYMENT PRESIDENT?

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¶9. (U) During Mexico's 2006 electoral campaign of now President Felipe Calderon the theme of job creation was a constant element of his stump speeches. Calderon promised that if elected he would become the Employment President<sup>8</sup> working hard to generate more and better paying jobs for Mexico's citizens. Job creation, or more accurately the lack of job creation, is a major issue in Mexico where, according to the Secretariat of Labor (STPS), the official unemployment is 3.6 percent. This figure however, is misleading since official figures make little distinction between fully employed persons, underemployed person or persons actively looking for work; all are counted as being employed. Once these factors are taken into account the real unemployment rate could be three or four times as high as the official figures.

¶10. (U) At the very start of his administration President Calderon continued to stress the importance his government would give to promoting job creation; and not just any jobs but good paying jobs for Mexicans in Mexico. Now however, less than a full year into the first year of a six year administration, some labor observers believe he has begun to back away from his talk of being the Employment President.<sup>8</sup> President Calderon has publicly acknowledged that creating high-value jobs is a long-term prospect. In an October 8 interview with the U.S. news program, Good Morning America,<sup>8</sup> Calderon explained that current economic factors will continue to drive out-migration from Mexico, but the long-term solution is for the Mexican government to

MEXICO 00005485 003 OF 003

create high-value jobs in Mexico. He called for orderly migration to the United States to meet the U.S. need for labor. Recently, one national media outlet quoted the President as recognizing that it is now impossible<sup>8</sup> for his government to create enough employment opportunities so that Mexican citizens would not have to migrate to the United States or some other countries. The agreement with Spain is another example of his acceptance of the idea of continued mass migration as a near-term solution to problems of unemployment in Mexico

#### COMMENT

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¶11. (U) Despite the prominence the GOM gave the signing of its agreement for a pilot guest worker program with Spain there is little evidence that Mexicans are pounding down the doors to get there. It is almost impossible to say definitively how many migrants are working in another country. That said, the only readily available figures on the number of Mexicans currently working in Spain indicate that the figure would be somewhere in the tens of thousands as opposed to the estimated millions presenting working in the United States. Granted the relative ease of getting to the US as opposed to getting to Spain is undoubtedly a very significant factor (as well as the established Mexican immigrant networks in the U.S.) but it cannot be the only reason why so many more Mexicans choose to migrate to one country and not the other. Given the energy and determination that Mexicans use to enter the US (i.e. tunnels, hazardous desert crossings, human smuggling criminal organization,

etc.), the idea cannot be dismissed lightly that if large numbers of Mexicans wanted to go to Spain they would already be there.

¶12. (SBU) As for the position of President Calderon, the perception in some labor areas is that he has yet to deliver on his campaign promises to create well paying jobs. President Calderon,s sluggishness to date in any sustained attempt to be the &Employment President8 or advance his &competitiveness agenda,8 does not argue well for any realistic plan to create good paying jobs here at home for Mexico,s citizens. The Calderon Administration has attracted increased levels of foreign direct investment, and made more progress on tax reform than was made over the past 10 years, but it has not yet made sufficient headway on job creation in Mexico. Business executives complain that Calderon,s &competitiveness agenda8 is not moving because his small number of advisors are focused elsewhere. The tax reform will not generate sufficient revenue to fund the infrastructure needed to improve Mexico,s business climate. Prospects for improving human capital remain dim given the resistance of the powerful teacher,s union to education reform (See Mexico 5454). The Calderon Administration is working to open the Mexican economy to more competition, but it remains to be seen how he will take on the powerful oligopolies that have long blocked reforms in key sectors of the economy. Calderon has made more progress than his predecessor in tackling the reforms needed to create jobs in Mexico, but unless he further accelerates reform, he will continue to rely on the tried and true methods employed by many of his predecessors. Namely, when all else fails, encourage the unemployed to seek their fortunes someplace else other than Mexico.

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